Public Facility Energy Efficiency Program (PFEEP) Loan Guidelines

The Energy Policy Division of the Indiana Department of Commerce is pleased to offer loans of up to $100,000.00 through the Public Facility Energy Efficiency Program (PFEEP). This program is designed to enable school corporations, political subdivisions, and public libraries to identify and/or implement energy efficient improvements in their existing facilities and design energy efficiency measures into their new facilities.

Please read these guidelines carefully before requesting funds from the PFEEP. These guidelines describe eligibility, funding limitations, the loan approval process, specific information needed in pre-proposal and loan applications and the criteria used to evaluate applications.

Eligibility . . . .

School corporations, political subdivisions, and public libraries (as defined in IC 36-1-12.5-1.5) that operate in the State of Indiana are eligible to apply for loans. The following types of buildings are ineligible:

a. vacant, unused, or condemned buildings
b. buildings that are not heated or cooled
c. school stadiums.

In the case of a multiple facility project, the loan applies to the entire project (not per facility). For existing facilities, applicants must certify that there are no plans or intentions to close or otherwise dispose of the building within the payback period of any measure recommended for funding nor are there any plans or intentions to undertake demolition, major rehabilitation (other than energy conservation measures resulting from the technical audit), or conversion to an ineligible facility within the same period. When funds are requested for building improvements in leased space, the building owner must submit the application and all leaseholders must submit a Lessee Application Attachment. Loan recipients are also required to complete quarterly and final reports describing progress and completion of contracted goals.

Eligible Expenses . . . .

Loans may fund up to one hundred percent (100%) of the actual cost of the energy efficiency improvements* (purchase and installation) for new and existing facilities, as well as technical studies/audits** that identify energy efficient improvements.

Samples of qualifying improvements include, but are not limited, to:

a. insulation projects
b. building energy management systems
c. HVAC installation and replacement
d. lighting retrofits
e. window and door projects
f. swimming pool covers
g. energy efficient electrical motors.

** "Energy efficiency improvement" refers to the installation or modification of an installation that is primarily intended to reduce or maintain (in the case of energy management systems) energy consumption and reduce energy costs or allow the use of an alternative energy source in a building.*

*** A "technical audit" is an energy management plan for a facility to use for the foreseeable future. Separate audits should be conducted for each facility. Indiana's policy regarding reasonable selection of energy efficiency measures for study in a technical audit is to explore all of the building's energy using systems for energy efficiency opportunities. As a guideline, those measures that are likely to offer a payback of ten (10) years or less are good candidates for analysis in the audit.*

Ineligible Expenses . . . .

Ineligible costs include, but are not limited to:

a. personal services
b. travel
c. land and site improvements
d. licenses or permits
e. legal costs
f. office equipment
g. indirect and overhead expenses
h. purchase and installation of used equipment
i. power factor correction

Only costs incurred after Board Approval are eligible for funding. Costs incurred after Board approval and prior to execution of the loan agreement (contract) are made at the applicant's risk. Funding is ensured only after final execution of the loan agreement.

Financial Information . . . .

Amount of Funds
Loans are available in any amount up to one hundred thousand dollars ($100,000.00).

Terms
Loans are available at zero percent interest (0%). No matching funds are required. Loans are available on a first-come first-served basis. Funds must be drawn down within one year of contract ratification. Loans will be competitively awarded based on evaluation criteria. The repayment term for the technical audit loan is one (1) year. Repayment terms for the energy efficiency improvement loan will be tied to the project's energy savings and must have an energy payback less than ten (10) years. Funds may be used in conjunction with other financing programs; however, the loan funds may only be used for the energy efficiency improvements covered in the contract. Technical audits must be performed by a licensed professional engineer or licensed architect.

Financial Profile
Applicants will be required to submit documentation that they can meet their financial obligation for the project for which funding is requested including designated sources of repayment.

Energy Efficiency Improvement Loan Evaluation Criteria . . . .

The applications will be evaluated on four equally weighted criteria:

Energy Savings
The project's energy savings and other issues such as the level of efficiency of the equipment/material used and avoidance of conventional fuel consumption. Calculations supporting a project's energy efficiency, energy cost savings and other benefits should be provided in the application. For existing facilities, successful applicants may be required to submit a summary of utility or fuel bills from years prior to and subsequent to project completion to document that implementation of the project resulted in energy savings. Applicants are also encouraged to attach manufacturers literature or other material as evidence of equipment energy efficiency.

Pollution Prevention
The amount of pollution prevention anticipated as a result of the project. All applicants must comply with all applicable federal, state and local environmental laws and regulations. Copies of the cover sheet of all applicable permits must be provided with the application. If implementation of the project will require changes in existing permits or will require new permits, a full description must be provided. Failure to comply with federal, state and/or local environmental laws and/or regulations may result in rejection of an application.

Practicality and Technical Feasibility
Discuss the technical feasibility and soundness of the project. For new facilities, discuss the benefits of the energy efficiency improvements over those of a typical installation. For existing facilities, what energy efficiency measures have already been taken at the facility? What is the age and condition of the existing equipment?

Need for Assistance
The applicant's need for the assistance requested will be evaluated in light of such factors as the size of the project in relation to income and assets and the availability of financing from other sources.

Loan Approval . . . .

The Energy Policy Division administers the PFEEP and will review all loan applications. The Division will make recommendations for funding to the Recycling and Energy Development Board (REDB). The REDB makes final funding decisions at its quarterly meetings, typically held in February, May, August, and November. Energy efficiency improvement loan applicants selected for recommendation to the REDB are required to attend the meeting to present their projects. A decision by the REDB to fund a project is an agreement in principle and not a final commitment to expend funds. The recipient and the Energy Policy Division must first negotiate a formal contract that will establish the terms of the loan and other conditions needed to manage the loan. The finalized contract then undergoes the state signatory process which can take an additional six (6) to eight (8) weeks before a successful applicant can receive funding.

Application Process . . . .

Technical Audit Loans
Applicants must contact the Energy Policy Division for the appropriate application form. Unsolicited loan applications will not be accepted. Loan applications are due seven (7) weeks before each quarterly REDB meeting. Applicants should contact the Division prior to submitting a loan application to determine the exact due date.

Energy Efficiency Improvement Loans
Interested applicants must first contact the Energy Policy Division to obtain guidelines for pre-proposal approval. After receiving the two (2) page pre-proposal, the Division will discuss the project with those interested to determine if a loan application should be submitted. Unsolicited loan applications will not be accepted. Loan applications are due fourteen (14) weeks before each quarterly REDB meeting. Applicants should contact the Division prior to submitting a loan application to determine the exact due date.

Confidential Information . . . .

To the extent feasible and permissible by law, the Indiana Department of Commerce, Energy Policy Division will honor an applicant's request that confidential information submitted to the Division remain confidential. The Division will treat information as confidential only if: (i) the information is, in fact, protected confidential information such as trade secrets or privileged or confidential commercial or financial information; (ii) the information is specifically marked or identified as confidential by the applicant; (iii) the information is segregated and placed in a separate appendix to the application; and (iv) no disclosure of the information is required by law or judicial order. If the application results in award of a loan, the honoring of confidentiality of identified data shall not limit the right of the Division to disclose the details and results of the loan to the general public.

For More Information . . . .

Contact:

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Indiana Department of Commerce
Energy Policy Division
One North Capitol, Suite 700
Indianapolis, IN 46204
317/232-8940

The Energy Policy Division may request additional information to help evaluate an application.